



“For the past 5 years, we have worked to bring the spark of private enterprise to inner city and poor rural areas—with community development banks, more commercial loans in the poor neighborhoods, cleanup of polluted sites for development. Under the continued leadership of the Vice President, we propose to triple the number of Empowerment Zones, to give business incentives to invest in those areas.”

—President Bill Clinton
State of the Union, January 20, 1998

“Our empowerment agenda is built on the belief that everyone has a positive contribution to make, and that all communities can create the climate that calls forth that contribution . . . if we give them the tools they need.”

—Vice President Al Gore





“This program works. I’ve seen it put people back to work, create safer neighborhoods and schools, house families, and energize rural Americans. President Clinton and Vice President Gore have made Round II of the Empowerment Zone and Enterprise Community Initiative an Administration priority. I hope you and your community will join us in these exciting efforts.”

—*Dan Glickman*
Secretary, U.S. Department of Agriculture

“The central challenge being undertaken by the EZ/EC program is to provide needed assistance to communities in their efforts to rebuild community capacity and revitalize economic growth. While this “bottom up” approach will not eradicate poverty overnight, it is breaking the cycle of poverty and empowering rural residents to take responsibility for creating opportunity and a renewed hope for their children’s future.”

—*Jill Long Thompson*
Under Secretary for Rural Development
U.S. Department of Agriculture



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THE VICE PRESIDENT
WASHINGTON

By the end of 1998, 20 new EZs — 15 urban and five rural — will be designated in communities across the country. The Second Round incorporates several new innovative ideas and builds on the success of, and lessons learned from, the First Round.

Most importantly, we learned from the First Round the significance of the application process itself, which required communities to develop their own broad-based plans for revitalization. This resulted in more than 500 communities leveraging billions of dollars in new private-sector investment and forging remarkable public-private partnerships. The Wall Street Journal hailed this process as "one of the few concrete examples of how government can instigate change without directly spending a dime."

I want to ensure that, as in the First Round, the application process provides a lasting benefit for all communities competing. So we are again requiring applicants to develop their own strategic plans for change — and to think even more broadly — when doing so. We have learned from the current EZ/ECs, in fact, that communities that are able to link their revitalization efforts to broader regional strategies can enhance those efforts.

Thus, in the Second Round, communities can designate up to 2,000 acres of additional property outside the formal poverty criterion to be included as part of their Zone. This property would receive all the Zone tax incentives and benefits, including the new Brownfields tax incentive to encourage the clean-up and redevelopment of former industrial property. And, we are asking that applicants incorporate metropolitan and regional strategies and potential ways to leverage this additional property — and the Federal tools available — into their plans.

Communities can also incorporate into their plans several promising new ways to take advantage of advances in information technology. New technologies, such as multi-jurisdictional databases and linked communication systems, can be used to enhance the development of your application and to broaden the participation of residents and organizations in the process. This can be used to tie together and enhance various efforts you are undertaking. For instance, technology can expand opportunities for economic development by helping to connect residents and entrepreneurs to the proliferating area of Web-based commerce and to the growing number of technology-based jobs now becoming available.

You can be sure that all of the Federal Agencies that make up the President's Community Empowerment Board (CEB), which I chair, stand ready to assist you in the planning of your application — and in the implementation of that plan. The Department of Housing and Urban Development and the Department of Agriculture in particular will make available to you several other more detailed publications about the EZ initiative and the Second Round. *See the Resources section at the end of this guide for a complete list of these publications and how to obtain them.* We also will be holding a series of workshops in various locations across the country in the coming months.

We on the CEB are prepared to work with you in developing and carrying through your innovative plans for change. Together, we can show the nation that change is possible.

MEMBERS OF THE PRESIDENT'S COMMUNITY EMPOWERMENT BOARD

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Chair of the Council on Environmental Quality Kathleen McGinty



ABOUT THIS PUBLICATION

This *Rural Application Guide* is one of the publications USDA designed to assist your community in developing an application for Round II EZ designation. Applicants are encouraged to read all of the publications in preparation for applying for Round II designation. This *Guide* contains useful information related to the various steps a community should take throughout the application process.

The *Rural Application Guide* provides an overall framework for applying for Round II EZ designation. It provides an overview of the four key principles of the EZ/EC Initiative—strategic vision for change, community-based partnerships, economic opportunity, and sustained community development—and identifies the steps a community should take to complete its application, and how USDA will evaluate those applications. You can find criteria for selection in the *Notice Inviting Applications* for rural applicants.



KEY PRINCIPLES OF THE EZ/EC INITIATIVE

The EZ/EC Initiative is designed to afford communities real opportunities for growth and revitalization. The framework for the Initiative is embodied in four key principles: *strategic vision for change, community-based partnerships, economic opportunity, and sustainable community development*. These principles should be used as a guide as you prepare your EZ application and Strategic Plan. They are drawn from the many approaches communities across this Nation have utilized to successfully develop comprehensive approaches to community revitalization. In this section we introduce these principles and provide examples of projects from Round I of the EZ/EC designations that illustrate the principles in action.

STRATEGIC VISION FOR CHANGE

The strategic vision for change defines a community's aspirations and speaks on the values used to create its vision. The strategic vision identifies realistic goals and includes a solid strategy to achieve those goals. The vision should also lead to a performance measurement or benchmarking system for measuring progress and evaluating and adjusting the Strategic Plan.

Your community is a roadmap for your community's future *vision for change*. For example, you may envision your community as a center for emerging technologies, an incubator for innovative methods of using information technology in partnership with a nearby university or community college. You may envision your community as a key export center for certain farm products or customized manufacturing goods; a healthcare center; or a vibrant residential area focused on an active school, retail markets, recreation, and entertainment.

A vision for change is not a laundry list of your community's shortcomings or problems. Instead it is a strategy for revitalization. It builds on your community's assets and coordinates a response to its needs, such as public safety, human and social services, and environmental protection. It takes into account your

community's role in the regional economy, and how information technology can better facilitate the strategic vision.

In pursuing its strategic vision, you create a plan that will:

- State a clear vision and goals for the future.
- Explain how that vision creates economic opportunity, encourages self-sufficiency, and promotes sustainable community development.
- Build on available assets and opportunities and present a coordinated strategy toward using both.
- Set performance standards for measuring progress and a framework for evaluating and making future adjustments to the Strategic Plan.

Development of a strategic vision was particularly useful for residents of designated communities in Round I of the EZ/EC Initiative. Communities used the process to build resident leadership capacity and provide forums and technical assistance for residents to help them understand local strengths and weaknesses.

The Lock Haven, Pennsylvania, EC allocated \$200,000 to create a revolving loan fund for startup and small businesses. Many public and private organizations are collaborating on this project. As a result, the six loans made so far have retained or created 68 jobs in the EC. Five more businesses will be funded by the EC revolving loan program in 1998, retaining and creating even more jobs for the area.

In the rural Kentucky Highlands EZ, 110 residents participated in Leadership Training and Strategic Vision Building workshops for EZ residents. The training, conducted by the Pacific Institute, was targeted at individuals and groups who needed help in taking control of and responsibility for the projects in their community.

The criteria for selection as an Empowerment Zone are outlined in detail in USDA's *Notice Inviting Applications for Designation of Rural Empowerment Zones*. Some questions you may wish to consider as you prepare your application are listed below.

Strategic Vision for Change—Questions

Goals.

- How will the EZ process help your community decide on practical goals for the economic, physical, environmental, and human services developments of your community?

- Based on your strategic vision, what do you hope your community will become in the next 10 years?
- What are your goals?
- How are these goals prioritized?

Coordinated Strategy.

- How will your community, through its strategic planning process, reach a measure of consensus on how you will realize your vision?
- How will you link economic, human, physical, and community development and other activities so that they will work in mutually reinforcing, synergistic ways to achieve your strategic goals?
- How will you coordinate the implementation of your strategy to be most effective in terms of time, sequence, and approach?

Creativity and Innovation.

- As your community goes through the planning process, what steps can you take to be as innovative and creative as possible?
- Does your vision have the civic spirit necessary to revitalize your community?
- Does it generate the kind of enthusiasm and encourage the kind of involvement that gives residents a stake in revitalizing and preserving their communities?
- How does your community relate to its metropolitan and regional neighbors, such as neighboring cities or States?

Building on Assets.

- Is your vision for revitalization realistic?
- Does it address the needs of the community to take advantage of the community's existing assets?
- When new activities are proposed, how will existing resources be mobilized to support these activities?

Performance Benchmarking and Learning.

- How will you monitor your progress as you implement your Strategic Plan?
- How does your Plan provide for the ongoing process of adjusting, correcting, and building on what does and does not work for your community?
- How will you establish a system for monitoring outputs of your Plan?

- How will you make changes in the Plan due to unforeseen events?

COMMUNITY-BASED PARTNERSHIPS

The community-based partnership principle encourages all stakeholders in a community to participate in the revitalization of distressed neighborhoods. Partners include residents; businesses; local political leaders; local, State, and Federal governments; community development corporations; local public health and social services departments; regional planning organizations; unions; environmental groups; schools and universities; faith-based organizations; and other community groups.

Communities that stand together are communities that can rise together. Communities cannot live on public resources alone. The EZ/EC Initiative is grounded in the beliefs that each community knows best how to solve its problems and that its residents, businesses, governments, and nonprofit organizations must all work in partnership to revitalize distressed neighborhoods. The Federal EZ/EC grant funds and tax credits are seed money designed to help mobilize revitalization efforts. The community and its partners must truly work together to achieve sustainable results.

Round I EZ/EC designations facilitated many new examples of community-based partnerships in action.

The Historic Idlewild Project in the Lake County, Michigan, EC is preserving and honoring the town's rich African-American history through the development of an African-American history museum, cultural center, and convention center. None of these projects could have happened without the solid community partnerships the EC built. A partnership between the town and the EC secured donated land for the project. Technical support for the museum and the centers is being provided through a partnership with Cranbrook Academy of Arts in Detroit, and a consultant formerly with the Smithsonian Institution. A statewide utility company, MichCon, has joined the EC to develop marketing and promotional materials targeting business and tourism.

The Northeast Louisiana Delta Community Development Corporation (CDC), in partnership with the Louisiana Technical College,

Tallulah, and the Madison Parish School Board, is providing a nursing assistant training program for high school seniors. Students in the Northeast Louisiana Delta EC earn certified nursing assistant certificates along with their high school diplomas. Classes are held at the CDC's Delta Learning Center for adults.

The Hidden Valley High School STRUT (students recycling used technology) Program in the Josephine County, Oregon, EC is a partnership between Intel Corporation, the State of Oregon, and local businesses, industries, and Federal agencies for refurbishing and upgrading used computer-related equipment. Students receive valuable training, schools obtain the computer equipment they need, and community members are able to use a much-appreciated resource.

Resident participation in planning and decision making is another key component of community-based partnerships. Successful and sustained revitalization starts with residents. Residents must be involved in identifying the strategic vision for change, developing specific goals, and crafting solutions. Residents must also play an active role in implementing and monitoring their plan for revitalization, through governance structures that provide them with a real voice in decision making. Each EZ is responsible for designing its own governance structure, which is typically a board composed of local decision makers chosen from a cross-section of the stakeholders in each community. Boards should not be so large as to be unwieldy in operation, yet they must permit an opportunity for all key stakeholders to participate. During Round I, some communities established nonprofit organizations to implement their Strategic Plans, and they used the nonprofit organization's board of directors as the governance mechanism for the Zones. Others created stand-alone advisory boards to guide local officials during implementation.

Community-Based Partnerships—Questions

Governance.

- How will you establish a governance board that represents your entire community?

- How will you ensure that the board uses a fair and effective decision-making process so that implementation of your plan stays on schedule?

Community Partners.

- Does your process of coalition- and partnership-building encourage community residents to participate in the creation of the Strategic Plan?
- Can community residents determine their role in implementing the Plan?
- Does the Plan, for example, integrate local, educational, social, civic, religious, environmental, and health organizations, reflecting the prominent place that these institutions occupy in your community's daily life?

Private- and Nonprofit-Sector Partners.

- Has your community secured partnership commitments from organizations in the private and nonprofit sectors, such as corporations, utilities, banks and other financial institutions, and educational institutions?

Note on the Role of States

As Round II applicants develop their Strategic Plans and negotiate partnerships to implement those Plans, they may discover important roles for the State to play. States can assist both applicant communities and designated communities in many ways:

- Providing and sharing demographic data, economic data, and other information useful for measuring local needs and developing your Strategic Plan.
- Targeting multiple State resources for specific EZ neighborhoods, such as grants or loans and insurance for affordable housing, transportation, social services, economic development, and recreation.
- Targeting State-administered Federal resources to EZ neighborhoods.
- Coordinating the delivery of these State/discretionary Federal resources for social services, job training, housing, transportation, brownfields redevelopment, and recreation and parks for EZ neighborhoods.
- Assisting with fast-track private activity bonds.
- Expediting Social Services Block Grant (SSBG) pass-through funding.
- Waiving troublesome State regulations that impede implementation of State resources.
- Sharing office space, staff, and technical assistance helpful to the designated EZs as they plan and implement Strategic Plans.
- Playing a key role in implementation of the national welfare-to-work initiative: States can be important partners with you, designing special local welfare-to-work initiatives targeted to the EZ neighborhood as part of your application.

State and Local Government Partners.

- Has your community secured commitments from State and local governments to provide support for the Strategic Plan?
- Have you, for example, ensured that your government partners are committed to coordinating their programs to assist you in the implementation of the plan?
- Have you consulted the mayor's office, city council, and regional and State planning organizations?
- Have you consulted with your local transit authority to make it aware of your proposal and to discuss any transit improvement projects planned for your nominated area?

Permanent Implementation and Evaluation Structure.

- Has your community devised a way to hold partners accountable for their involvement in implementing the Strategic Plan throughout the 10-year period of EZ designation?
- Have all the partners agreed to their commitments? Have such issues as conflicts of interest, competing agendas, and disagreements between partners been adequately addressed?
- Have you provided for ways to resolve future disagreements through consensus-building activities, public forums, and regular meetings of the governance board?

ECONOMIC OPPORTUNITY

Economic opportunity includes creating jobs within the community and linking residents to jobs throughout the region; providing entrepreneurs with technical assistance; providing greater access to capital and credit for businesses so they can expand and create job opportunities for residents; and providing residents with access to job-training and job-placement services, including those associated with welfare-to-work and school-to-work initiatives.

The first priority in revitalizing distressed communities is to create economic opportunities—namely, jobs for residents. The creation of jobs, both within the community and throughout the region, provides the foundation on which residents can become economically self-sufficient. Communities should work with local businesses to understand their employment needs and develop programs that match residents with real job opportunities. Applicants should

also develop programs to increase the flow of capital and credit to businesses so they can expand and create new high-wage jobs. Round I programs included small business assistance centers, U.S. Small Business Administration one-stop capital shops, community development banks, microenterprise credit programs, and loan pools.

EZ applicants should show that they understand:

- The existing economic base of the area, including those sectors that will most likely provide job opportunities for residents.
- The credit and capital needs of local businesses and the types of labor skills they need.
- The skill levels of area residents and the programs needed to upgrade those job skills.
- Employment barriers such as the need for childcare, inadequate or unavailable transportation, the need for drug-treatment centers, and how to overcome such barriers.
- Changing metropolitan, regional, national, and global economic conditions, including military base closures and outmigration, and how those conditions affect the community's economic base.
- How to create jobs for the workforce and how to provide people with access to those job opportunities by improving transportation infrastructure.

During Round I, designated communities had great success developing small businesses and creating jobs for residents.

Jackson County Rehabilitation Industries (JCRI) was originally a limited job-training program that trained workers for only light sewing and small manufacturing jobs. Today, thanks to funding from the Empowerment Zone, the Kentucky Highlands Investment Corporation, JCRI offers a 4-month job-training program that serves as many as 50 people per session. Participants are trained in various skills applicable to area businesses. The program plans to establish a second workshop to serve nearby counties. In 1987 the EZ had a 23-percent unemployment rate. Today the unemployment rate is 5 percent.

In the Mid Delta, EZ in Mississippi, a \$2.5 million loan guarantee has enabled a catfish-processing business to open a new plant that will eventually create more than 400 jobs.

Economic Opportunity—Questions

Inside the Community.

- Do your community partners understand how EZ designation can offer a great opportunity for local businesses, jobs, and entrepreneurship to increase within the Zone and community?
- Do you have a plan for marketing the tax incentives inside and outside the community?
- Does your plan empower residents to take a real economic stake in the community?
- Will residents receive training, assistance, and family support to become economically self-sufficient?

Outside the Community.

- How will you create new jobs?
- How will the economic revitalization of the EZ be tied to the broader metropolitan and regional economies?
- Will residents be linked with employers and jobs throughout the entire region or metropolitan area?
- Have you consulted with your local port authority to make it aware of your proposal, and to discuss the potential of mutual economic development opportunities?
- Will your Strategic Plan ensure that jobs in the Zone are not created at the expense of jobs elsewhere?

Access to Capital.

- How will your Strategic Plan increase lending and investment opportunities within the Zone and community?
- Will there be a mechanism in the Plan to encourage community investment and to create new growth? Does your plan call for establishing or expanding community financial institutions, one-stop capital shops, or partnerships with other financial institutions?

Workforce Development.

- How will your Plan better train and develop the workforce in your community?
- How will it coordinate with welfare-to-work, school-to-work, and other job-training and job-placement initiatives?
- Have you identified potential transportation barriers to Zone residents' employment opportunities?

SUSTAINABLE COMMUNITY DEVELOPMENT

Sustainable community development promotes the creation of livable and vibrant communities through comprehensive approaches that coordinate economic, physical, environmental, community, and human development. These approaches should preserve the environment and historic landmarks; address brownfields cleanup and redevelopment; explore the economic development advantages of energy efficiency and the use of renewable energy resources; and improve the quality of and/or access to healthcare and human services, education, childcare, affordable housing, transportation, and public safety.

Although job creation is a critical first step toward the creation of livable and vibrant communities, the ability to sustain that positive momentum depends on a coordinated and comprehensive strategy that creates an environment where human initiative, work, and families can flourish. Where the streets are safe, the air and water are clean, housing is affordable and secure, human services are accessible, and a vital civic spirit is nurtured, is a community that is a source of strength and hope for its residents. Sustainable community development promotes a comprehensive approach to revitalization through the coordination of economic, physical, environmental, community, and human resources.

Some factors to consider when developing your strategy for sustainable community development follow:

- Does your Strategic Plan accurately assess the needs of your community's residents?
- Does your Plan identify services that will actively reach your residents?
- Does your Plan effectively coordinate the delivery of existing services?
- Does your Plan create new programs to fill service gaps?
- Does your Plan create the most efficient means of linking residents to services?
- Does your Plan track the ongoing effectiveness of service delivery?
- Can your Plan factor in the possibility of natural disasters and include ways to handle them efficiently?

Round I designated communities have developed and executed several innovative projects to create sustainable economic development.

The Little Dixie Community Action Agency—Southeastern Oklahoma’s EC—has beaten back the area’s near 32-percent poverty rate with a community development program that emphasizes business development and training. The revolving business loan program, Self-Employment Entrepreneurial Development Systems (SEEDS), has funded 18 business startups and created 58 jobs, some of which have been filled by individuals who have moved from welfare to work. SEEDS loan recipients receive extensive training in preparing business plans, bookkeeping practices, tax requirements, marketing strategies, and other business-related subjects. SEEDS monitors loan recipients’ business operations to avoid any potential problems. There have been no loan defaults. This fresh approach to sustainable community development has spurred the growth of other business development and training programs in the Little Dixie EC. The Poor Man’s Bank, the Community Development Block Grant business loan, and the Intermediary Relending Program help finance or partially finance business ventures that require more capital than a small business loan can offer.

In the Central Savannah River Area, Georgia, EC, community organizers have helped to establish a human development center in each of the 10 census tracts. Local community residents determine specific needs at each center. Programs and services offered include youth leadership training, morning and evening general equivalency degree (GED) classes, Boy Scouts, and parenting skills training.

Sustainable Community Development—Questions

Consolidated Planning.

- How does your Strategic Plan fit into a larger development plan for the surrounding area that is consistent with broad regional development strategies?
- Does your Plan include transportation considerations? Pre-disaster planning, if appropriate?

Land Use, Infrastructure, Environment, and Transportation.

- How will your Plan foster a sustainable community development through projects such as open spaces, recreational areas, cultural institutions, transportation, land and water use, energy conservation, waste management, environmental protection, and the quality of life in the community?
- How will you identify contaminated brownfields sites for development?
- How will you market the Brownfields Tax Incentive to developers?

Public Safety.

- How could community policing be used to guarantee the basic safety and security of persons and property within the EZ?

Supporting Families.

- How will the strengths of families be supported in your Plan so that parents can succeed at work, provide nurturing homes, and contribute to the vitality of their community?

Youth Development.

- How will your Plan assist in the development of children and young adults into economically productive and socially responsible citizens?
- Will young people be provided opportunities to take responsibility for developing the skills, discipline, attitudes, and initiative to make work rewarding?

Housing.

- How will your Plan provide for housing construction and rehabilitation?
- Have you established a homeownership goal?
- How will you serve the homeless population?

Education.

- How will your Plan develop and coordinate with educational programs for youth and adults, including vocational and postsecondary education?
- Will you provide assistance to high school dropouts?

Health.

- What health-related programs will be developed?
- Will new facilities be opened or renovated?

Applied Technology.

- How will your Plan improve intra-community communications and access to information?
- Does your Plan include considerations for environmental improvements and energy conservation?